




# International Intellectual Property

- slides for module 6
- International Trademark



## Trademark

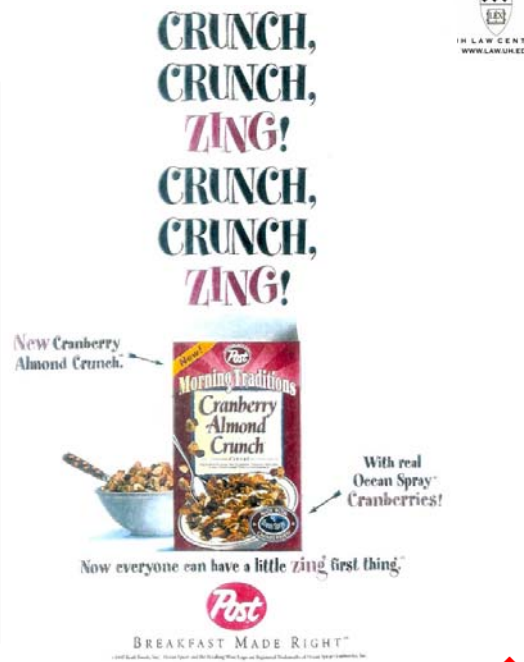
Generic      Descriptive      Suggestive      Arbitrary / Fanciful / Coined

aspirin			  
	"Brilliant" for diamonds	"Brilliant" for shoe polish	"Brilliant" for canned apple sauce



## Descriptive?

- character
- function
- feature
- quality
- ingredient
- nature
- purpose
- use
- characteristics
  - dimensions, color, odor. . .



## Likelihood of Confusion factors

1. strength of the mark
  - Based on the continuum of distinctiveness
2. proximity of the goods
  - The closer the goods, the greater danger the public will mistakenly assume an association between the producers of the related goods, so the less tolerance for close marks
  - Sold to the same class of purchasers?
3. similarity of the marks
4. evidence of actual confusion
5. marketing channels used
6. type of goods and the degree of care likely to be exercised by the purchaser
7. defendant's intent in selecting the mark
8. likelihood of expansion of the product lines



## Likelihood of Confusion factors



1. strength of the mark
2. proximity of the goods
3. **similarity of the marks**
  - Sight, sound and meaning
  - Tested as encountered in the marketplace
  - Compare the marks as a whole, don't dissect unless trying to eliminate trademark coverage for generic, functional or disclaimed portions of a trademark or trade dress
  - Similarities weigh more heavily than differences
4. **evidence of actual confusion**
  - Persuasive proof, but difficult to prove, often brought by parties in unclear or insubstantial form
  - Actual or anecdotal evidence, or with a survey, strictly screened
5. **marketing channels used**
  - Similarities and differences of channels used
6. type of goods and the degree of care likely to be exercised by the purchaser
7. defendant's intent in selecting the mark
8. likelihood of expansion of the product lines



## Likelihood of Confusion factors



1. strength of the mark
2. proximity of the goods
3. similarity of the marks
4. evidence of actual confusion
5. marketing channels used
6. **type of goods and the degree of care likely to be exercised by the purchaser**
  - Standard is typical buyer exercising ordinary caution – the “reasonable purchaser” of the products at issue is who must be likely confused
    - Wholly indifferent excluded, ignorant and credulous included
    - Buyers with expertise in the field, or expensive product, may allow for a higher standard
  - Effect of quality differences or equivalence
7. **defendant's intent in selecting the mark**
  - Bad faith or intent to “palm off” is presumptive evidence that defendant will accomplish its purpose – deceive customers
8. **likelihood of expansion of the product lines**
  - When goods are closely related, any expansion is likely to result in direct competition



**Mother's Restaurants v. Mother's Other Kitchen**  
**("MOK") (TTAB 1983)**

- MOK filed on 10/14/1976 to register MOTHER'S OTHER KITCHEN for carry out restaurant services
- Mother's opposes, asserting likelihood of confusion
  - Previously registered in US MOTHER'S PIZZA PARLOUR (PIZZA PARLOUR disclaimed)
  - Previously **used** in Canada, then US, MOTHER'S and MOTHER'S PIZZA PARLOUR & SPAGHETTI HOUSE
- Mother's opened in Canada, 12/1/1970, but first US restaurant in 1977 in Ohio
  - Marketing activity in Canada from 1971 onward
- Priority of use requirements for service marks



**Mother's Restaurants v. Mother's Other Kitchen**  
**("MOK") (TTAB 1983)**

- No "spillover" effect credited for priority of use in the US
  - Unless famous mark
- But, Mother's prevails on its registered mark

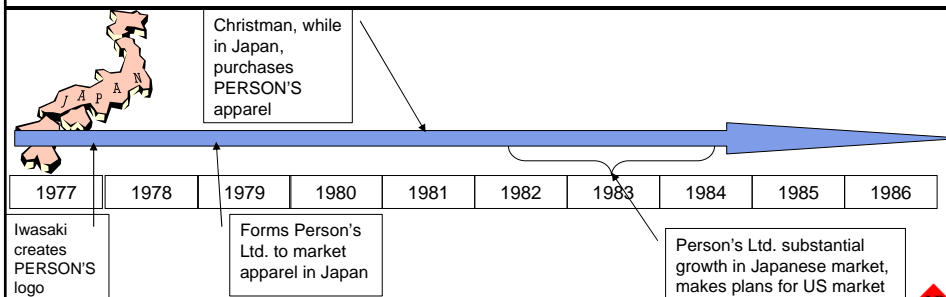
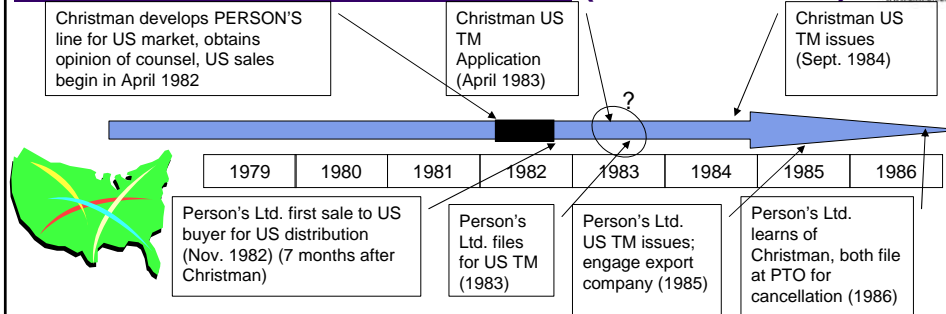


## Vaudable v. Montmartre, Inc

- Vaudable (P) owns and runs Maxim's restaurant in Paris
  - Restaurant of "international fame" & known to New Yorkers
    - Does this make it a famous mark?
  - P has registration at US PTO for MAXIM'S for catering services and wines
    - and has merchandised and sold food products under that name in the US
- D started Maxim's restaurant in NY City
- Court infers bad intent in copying name, décor, identity
  - Script styling of name and other text
  - With bad intent, lack of actual competition is immaterial
- Permanent injunction against use of MAXIM'S in New York
- Contrast with Mother's case
- Based on Tort or Property theory of TM?



## Person's Co., Ltd. V. Christman (Fed. Cir. 1990)



## Person's Co., Ltd. V. Christman (Fed. Cir. 1990)



- In cancellation proceeding, TTAB held for Christman
  - Person's Ltd. use of the mark in Japan could not be used to establish priority against a "good faith" senior user in US commerce
  - Mark was not famous or known in US when adopted by Christman
    - so no US goodwill or reputation upon which Christman could have intended to trade, rendering the unfair competition provisions of the Paris Convention inapplicable.



## Person's Co., Ltd. V. Christman (Fed. Cir. 1990)



- Federal Circuit
  - Priority
    - Person's Ltd. use in Japan has no effect on US commerce
      - Territoriality principle
  - Bad Faith
    - Christman's knowledge of Person's Ltd. use in Japan does not preclude his use and adoption in the US
      - No use of the mark on the goods in the US to put Christman or others on notice that a third party has priority
    - He did not know of Person's Ltd. plans to expand into the US market
    - He got opinion of counsel
    - Inference of bad faith requires more than mere knowledge of prior use of a similar mark in a foreign country
    - TM law does not impact all aspects of business morality
  - Unfair competition provisions of the Paris Convention
    - Not applicable, the TTAB does not adjudicate unfair competition claims



## Person's Co., Ltd. V. Christman (Fed. Cir. 1990)



## Buti v. Impresa Perosa, S.R.L. (2d 1998)

- June 1994, Buti plans restaurant, searches name
  - PTO application for FASHION CAFE
- Dec. 1994, Buti publicizes groundbreaking
- Actual opening on April 7, 1995

- Impresa Perosa (ImPer) officer has Fashion Café in Milan & modeling agency
- No restaurant/food in US, but promotional items distributed to models in the US
- Registered mark in Italy since April 1988





## Buti v. Impresa Perosa, S.R.L. (2d 1998)



- Was ImPer's mark "used in commerce"?
  - Analyze for the mark used for the Milan Fashion Cafe
  - *used or displayed in the sale or advertising of services and the services are rendered in commerce*, Lanham act, §45, 15 USC §1051
  - "commerce" means "all commerce which may be lawfully regulated by Congress"
    - For this term under the Lanham Act, Congress intended to legislate to the limits of its authority under the Commerce Clause
    - As a result, apply the test to determine when Congress is acting within its power for extraterritorial legislation
      - Congress is acting within its power when its legislation covers items that "**substantially affect**" US interstate or foreign commerce
  - The food and drink served by the Milan Fashion Café form no part of the trade between the US and Italy
    - Thus, Congress has no authority to regulate the Milan Fashion Café
    - Use of the mark in Italy for the Milan Fashion Café is thus not "use in commerce"
- Do ImPer's promotional activities in the US for the Milan Fashion Café merit Lanham Act protection?
  - Follow Mother's Restaurants – promotional activities do not count as "use" of the mark "in commerce" within the meaning of the Lanham act because
    - *the advertising or promotion is unaccompanied by any actual rendering in the US of the services in connection with which the mark is employed*



## McDonalds v. McDonalds Ltd. (Jamaica)



- P, the "real" McDonalds, "excluded" from Jamaica for many years, enters in 1994 after trade restrictions relax
  - opens restaurant on 9/28/1995
- D, one of many jilted franchisees in Jamaica
  - began a renovation in 1992 and reopened on 9/26/1995
- Claim for "passing off" by P, 5 elements, but question is whether P had "**goodwill**" in Jamaica on mere basis of advertising-built reputation
- Various approaches
  - Need for actual business in the country?
    - Mere advertising into the country or travelers from the country frequenting locales where the business is established?
    - If the mark is famous will something less than trade in the country suffice?
  - Goods have a reputation to a sufficient degree such that there can be deception and damage to such reputation
- No actual decision here – left for trial





### Jian Tools for Sales Inc. v. Roderick Manhattan Group (1995 Eng)

- Jian is California company, owns US TM in BIZPLAN BUILDER
- Negotiations with RMG for it to “anglicize” the software broke down in 1994/95
  - RMG launched BUSINESSPLAN BUILDER
- Trial court granted Jian interim injunction for “passing off”
- Issue is **goodwill** in UK
  - 250k copies sold worldwide, including US & UK
  - Jian has no place of business in UK
  - Some customers in UK, since 1988 sold 193 products to 168 customer residents of UK



### Jian Tools for Sales Inc. v. Roderick Manhattan Group (1995 Eng)

- Appellate court describing trial court's analysis
  - Perhaps if no customers in UK, then no goodwill
  - But, some customers exist
  - Should these customers be “disregarded” because they purchased the product for reasons having their origin outside of the UK?
    - No, although goodwill is local, no reason to partition the UK customer base according to historic reasons for why they became customers
  - Impact of the nature of the goods and services
    - Continuous use product, so durable product, which contributes to building up goodwill
    - Niche market, so small number of customers is not disabling to a finding of goodwill
  - Distinguish Budweiser case
    - Court there excluded sales at US Military store “PX” when Budweiser sued defendant who just entered the market
    - No reason to exclude sales of BizPlan Builder even if purchased due to spillover US marketing or other “American” factors because sales were in the open market
      - In Budweiser, general public could not purchase at the PX





## Internet Use and Territoriality



- (d) the connection of the manner of use of the sign on the Internet with the Member State, including:
  - (i) whether the sign is used in conjunction with means of **interactive contact** which are accessible to Internet users in the Member State;
  - (ii) whether the user has indicated, in conjunction with the use of the sign, an address, telephone number or other **means of contact** in the Member State;
  - (iii) whether the sign is used in connection with a **domain name** which is registered under the ISO Standard country code 3166 Top Level Domain referring to the Member State;
  - (iv) whether the text used in conjunction with the use of the sign is in a **language predominantly used** in the Member State;
  - (v) whether the sign is used in conjunction with an Internet location which has **actually been visited by Internet users** located in the Member State.
- (e) the relation of the **use of the sign on the Internet with a right in that sign** in the Member State, including:
  - (i) whether the use is supported by that right ;
  - (ii) whether, where the right belongs to another, the use would take unfair advantage of, or unjustifiably impair, the distinctive character or the reputation of the sign that is the subject of that right.



## Global Marketing and TM Law



- Global Marketing versus Int'l Marketing? How is the marketplace changing? Implications of using Internet for branding and marketing?
- Wickens, "Getting the Message"
  - Gillette marketing reorientation
  - "As global marketer, . . . look for commonalities"
- Cola Wars, "Mixed-Up Media Messages"
  - Coke's formidable jump start over Pepsi in the international markets
  - Coke's new global ads – risk of being too broad?



## Global Marketing and TM Law



- Quelch & Klein, “The Internet & Int’l Marketing”
  - 3M – a good example of a focused, single worldwide identity
    - Compared to multiple sites with different themes
    - BUT, sometimes there is a need for different sites for different brands
  - Internet promises to reinforce the trend toward English as language of commerce.
  - Companies may miss cultural differences when establishing a virtual presence via the internet.
- Language Barriers
  - See examples, page 115
  - Doesn’t it make one wonder who was supervising the translators?



## Otokoyama Co. Ltd. v. Wine of Japan Import (2d 1999)



- Otokoyama Co. Ltd. (“OCL”) owns 4 US TM for word “otokoyama” and Japanese character pictogram, used to import sake into the US
- OCL sued Wine of Japan Import (“WJI”) alleging Lanham act violations arising from WJI’s sale of Mutsu Otokoyama sake
- WJI counterclaimed that (i) OCL’s marks are generic, and (ii) OCL committed “fraud on the US PTO”
- District court awarded preliminary injunction to OCL, refusing certain evidence offered by WJI
- OCL attempted registration in Japan of “otokoyama” in 1962
  - Japan PTO rejected, apparently for genericness, but translation is disputed
- OCL initial registration in the US in 1986-88
  - When US PTO asked for translation of “otokoyama,” OCL responded w/ statement that to its “knowledge, the mark is an arbitrary, fanciful term . . . [a]ccordingly, the mark cannot be translated.”
  - From 1992-95, three more “otokoyama” registrations, all with same exchange



## Otokoyama Co. Ltd. v. Wine of Japan Import (2d 1999)

- Rule against generic marks also applies when the word designates a product class in a language other than English
  - Doctrine of Foreign Equivalents
    - Applies to words that designate an entire class, or subclass
  - Assumption is that there are or will be US customers who speak that language
  - Examples of non-protectable words under the doctrine:
    - Sorbet (French word for fruit ice)
    - Kaba (coffee in Serbian and Ukranian)
    - “ha-lush-ka” (phonetic spelling of Hungarian word for egg noodles)
- Japanese 300 year old meaning of “otokoyama” is “dry, manly sake”
- Policy considerations bar TM protection for generic words because it puts competitors at a disadvantage in describing the product
  - For “foreign equivalents” speakers of the foreign language would be misled to believe that there is only one brand of “otokoyama” in the US



## Otokoyama Co. Ltd. v. Wine of Japan Import (2d 1999)

- Rule against designations of foreign courts being dispositive as to the rights of TM holders does not apply in this situation
  - Rule is not an absolute bar – situation dependant as to when such opinions are admissible
  - For example, foreign decision was admissible to show that a party had the right to use a foreign TM in the foreign country
- Japanese PTO opinion relevant to prove a language issue for genericness determination
  - It is admissible for two purposes
    - To show that word is generic
    - As evidence of WJI’s claim of “fraud on the PTO”
- Preliminary injunction vacated



## Doctrine of Foreign Equivalents



- Whose interests are protected or furthered by the doctrine?
- Is the inquiry as to whether the term is (i) generic in Japanese (or Italian) used in the US, the same as (ii) whether the term is generic in Japan (or Italy)?
  - Orto v. Bioconserve – BELLA DE CERNIGNOLA
- Use in LofC analysis under §2(d) or infringement under §32 or §43(a)
  - Should it be given more or less expansive application where used in other contexts?
    - For example, HERE AND THERE not infringed by DECI DELA which can translate as “here and there”
    - ***This same court used the translated term for “meaning”, but foreign term for “sight and sound” (three subfactors for similarity of the mark)***
- Doctrine is a flexible, common sense rule
  - Some courts have refused to apply it where the translation is one that even those knowledgeable in the language would not make
  - For example, NIKE means “overcomers” in Greek
    - How should that impact one’s analysis of whether to apply the doctrine?



## Doctrine of Foreign Equivalents



- Combination marks – for example LA YOGURT
- Effect of Linguistic Proficiency? Should regional variations be relevant?
- Internet issues

[www.whatshappenin.com](http://www.whatshappenin.com)

[www.quepasa.com](http://www.quepasa.com)



## German Case Law on Foreign Marks



- “Partner with the Best” TM Application (1997)
  - Applicant appeals “lack of distinctiveness” rejection by arguing that phrase is a TM in US and UK
  - Court notes that English is important/dominant language for some technology covered by the mark
    - There is a need to keep the phrase “free” for others to use
    - Its frequent general use in internet searches shows its lack of distinctiveness



## German Case Law on Foreign Marks



- Case 28 – Chinese Characters – Federal Patent Court (1998)
  - German patent office denied protection for
    - lack of distinctive character,
    - saying that the mark merely had the effect on the German public of a geographic indication of origin without the uniqueness to indicate a specific source, and
    - because not memorable for the German public
  - Federal Patent Court reverses the German patent office
    - Distinctiveness exists for the sequence of characters because they are a unified entity similar to other extravagantly designed symbols
    - As to the “memorable” issue – the public does not have to recite or “spell” the sequence; it merely has to **recognize** it as an indicator of business origin
    - TMs affixed purely for export shall be honored in Germany under the new TM act (i.e., that the mark is not used in the home country does not bar protection in Germany)
    - With changed conditions, more interaction with Asia, it can no longer be assumed that when German public sees Asian characters it only takes them as indicators of geographic origin
      - Perhaps a questionable doctrine in the first instance?
    - No need for “free use” of these characters in this sequence – no coherent meaning in “words” – in effect they are “coined”





## German Case Law on Foreign Marks



- ErgoPanel TM Application (Federal Patent Court 1997)
  - Need to keep the term ErgoPanel free for an entire class of goods
    - It is generic for these electrical items - it means a control panel or console
    - No import that the mark applied for is in English – that language is an often used language in the field of electronics, software and control systems
    - Alleged UK registration of the term is not properly in evidence
    - Moreover, the Directive of 12/21/1988 does not create any binding precedent between the decisions of the Member PTO offices or courts of the Member States
    - Other implications of the harmonization directive



## Types of Multilateral TM Agreements



- Derogate in different ways the model of discrete, national, territorial forms of TM protection
- What should be the pace of global retreat from territoriality and national sovereignty?
- We have seen how the territorial system works, what are the alternatives?
  - National Treatment
  - Multinational Protection Facilitators
    - Allow or aid procurement of national TM registrations in multiple countries
    - Aimed to reduce transaction cost and time sensitivity of serial (ideally simultaneous) multiple national TM filings
    - Do not minimize legal differences, minimize cost and consequence of these differences
    - Rely on different forms that depart from the sovereign territorial model, plus rely on new institutional or administrative constructs as well as reform of national TM law
  - Mandatory Acceptance of Serial Applications
    - Require member states to register certain marks previously registered in other member states, subject to enumerated exceptions
  - Priority Rights
  - Procedural Harmonization
    - Standardizing national registration procedures, classification, and maintenance formalities
  - Centralized Filing System



## Types of Multilateral TM Agreements



- We have seen how the territorial system works, what are the alternatives?
  - National Treatment
  - Multinational Protection Facilitators . . .
    - [See prior slide]
  - Substantive Harmonization
    - Through obligating int'l agreements, minimize the differences among national TM laws
    - Typically used to erect substantive minimum levels
  - Unitary Supranational Protection
    - Vanguard of a movement beyond multinational protection and elimination of territorial rights, or at least obtaining rights over larger territories



## Multilateral TM Agreements



- Universality versus Territoriality versus Regionality?
- Int'l marketplace versus global marketplace
  - Int'l marketplace spawned the Paris Convention
  - Global marketplace spawned the TRIPS Convention
  - How are these two marketplaces different?



### Freeman, Reshaping Protection . . . : Looking Beyond GATT (1995)



- Paris Convention (1883)
  - TM protection via national treatment, priority rights, and registration
    - Prohibits any signatory from requiring domicile or establishment in its country to obtain TM protection
    - Paris Convention criticized because its use of national treatment allows a country to avoid to some degree providing TM protection for foreigners by denying it to its own citizens
      - Comparison is to Berne Convention, which has a greater degree of substantive minima
    - No central filing or registration
- Madrid Agreement (1891)
  - Allows registration in all member countries through filing in an Int'l Bureau, via local member country office as intermediary
    - The Bureau is administered by WIPO in a program entitled:
      - The Madrid System for the International Registration of Marks
  - The US has not joined the Madrid Agreement
  - Madrid Protocol is a separate agreement which US has recently joined
    - US participation went into effect in late 2003



### Freeman, Reshaping Protection . . . Looking Beyond GATT (1995)



- Nice Agreement Concerning Int'l Classification of Goods and Services for the Purposes of Registration of Marks (1957)
  - This is an int'l TM classification system agreement
    - classes established by WIPO, Committee of Experts can revise
    - Only procedural, but affects TM searching
- Convention Establishing WIPO (1967)
  - Administers close to two dozen multilateral and regional agreements
  - Committee of experts, some focused on TM info collection & storage, such as search systems, examination, numbering, and classifications. Also, committee to look at harmonization of the law
  - GAO report said no progress in WIPO on TM because of US opposing the efforts of developing countries to weaken existing int'l standards for TM
- Vienna TM Registration Treaty (TRT) (1973)
  - Resulting from WIPO's failure to negotiate US acceptable revision to Madrid Agreement
  - The US Proposed the TRT
    - 50 countries participated in the diplomatic conference, but only 5 ratified
- Trademark Law Treaty (1994) [not in the casebook article]
  - Created with a view to streamlining and simplifying, on a worldwide basis, formal trademark procedures relating to national and regional trademark applications and the maintenance of trademarks



## Schmidt-Szalewski – Int’l Protection of TM after TRIPS



- Paris Convention
  - National Treatment
    - A member state may not subject foreigners benefiting from the Paris Convention to higher industrial property protection standards than those applicable to its own citizens
    - Without National Treatment, a member country can subject a state’s nationals to stricter conditions, refuse to protect rights, require reciprocity, residence, fees, or other items
  - Independence of Rights
    - Takes national treatment principle to an extreme
    - TM ownership is governed exclusively by the national law of each country.
    - Exceptions to independence are
      - (i) priority right and
      - (ii) protection of the TM “as such” - when the mark would not meet the prerequisites for protection in the target country, register it “as it is”
        - For example, some countries allow registration of numbers or letters
  - Paris Union



## Schmidt-Szalewski – Int’l Protection of TM after TRIPS



- Paris Convention – Acquisition of Rights
  - Prohibited Signs
    - No TM on emblems of states, signs of control and guaranty, and emblems of int’l intergovernmental organizations [Art. 6ter.]
  - Well Known Marks
    - Even if not registered, have extended protection based on notoriety in country where protection is sought
    - Protected against all unauthorized use, even if on different goods. [Art. 6bis.]
  - Service Marks
    - Obligation to protect, but no obligation to provide registration, may be protected under unfair competition [Art. 6sexies.]
  - Collective Marks
    - Obligation to protect marks of associations, so long as its existence is not contrary to the law of the country of origin
    - Association does not need to be established in country of protection. [Art. 7bis.]
  - Nature of goods to which the Mark is applied
    - Prohibition on impeding registration based on the nature of the goods (even if marketing of such goods are prohibited) [Art. 7.]
  - Specific Mention
    - Member states cannot require as a condition of protection that the product bear a specific mention of a TM registration [Art. 5D.]



## Schmidt-Szalewski – Int’l Protection of TM after TRIPS



- Paris Convention – Content of Rights
  - Use
    - States may require that a rightsholder effectively uses the mark, and if the owner does not use it within a reasonable period of time, w/out valid reason for disuse, the owner can be deprived of the mark. [Art. 5C(1).]
  - Co-Owners
    - Simultaneous use by co-owners shall not limit protection.
  - Grace Periods
    - Must allow 6 months for payment of maintenance/renewal fees due.
- Conventions based on Paris
  - Madrid Agreement; Madrid Protocol; TRT; TLT
- Paris Convention Contribution to TM law
  - national treatment
  - minimal procedural mechanisms
    - to facilitate the acquisition of TM rights on multinational basis
    - required “as is” acceptance of rights in a country
  - substantive minima in TM and unfair competition law



## Paris Convention implementation in National Law



- US has ascended to 1967 Stockholm text
  - Prior texts: DC, 1911; Hague, 1925; London, 1934; Lisbon, 1958
- US Courts have been split on whether the TM provisions of Paris Convention are self-executing
  - Section 44 of the Lanham Act enacted to implement our obligations
- Art. 10bis
  - (1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.
  - (2) Any act of competition **contrary to honest practices** in industrial or commercial matters constitutes an act of unfair competition.
  - (3) The following in particular shall be prohibited:
    - 1. all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;
    - 2. false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;
    - 3. indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.



## Vanity Fair Mills v. T. Eaton Co. (2d 1956)



- P owned rights to mark VANITY FAIR in US
- P sought to
  - apply Lanham Act extraterritoriality to Canadian D
    - acts occurring in both US and Canada
  - alleged US Jurisdiction over D under Paris Convention
    - 1934 London Text, most recent at the time
  - Court rejected both of P's attempts
- Application of the Convention
  - P is correct that no special legislation is necessary to make the Paris Convention applicable here, but it incorrectly maintains that the Convention created private rights *under American Law* for acts of unfair competition occurring in foreign countries
  - Convention requires national treatment, and assures nationals of member states "effective protection against unfair competition"
  - The convention is not premised on extraterritorial application
    - It is premised on the opposite notion – national treatment



## Vanity Fair Mills v. T. Eaton Co. (2d 1956)



- Extraterritorial effect of Lanham Act
  - Benefits of Lanham Act provided to foreign nationals
    - §44(c) – can register in US w/out US use w/ certificate of foreign registration
    - §44(d) – foreign priority, 6 months
    - §44(e) – registration on principle or supplemental register
    - §44(f) – independence of TM rights once registered in US
    - §44(g) – foreign national trade names are protected w/out registration
    - §44(h) – foreign nationals are entitled to effective protection against unfair competition
    - §42 – prevent importation
  - § 44(b) – foreign nationals are entitled to benefits to the extent essential to give effect to the convention
  - § 44(i) – US citizens/residents have same benefits as foreign nationals
- Congress could not have intended to extend to all eligible foreign nationals a remedy in the US against unfair competition occurring in their own counties
  - If one interprets §44 this way, it perhaps goes beyond Congress' power.
  - A canon of interpretation is to not interpret a statute so as to create a constitutional issue
  - We should interpret §44 according to its underlying principle, national treatment
- Since US citizens get the same benefit, and we have said that the foreign nationals get no extraterritorial application, neither do US citizens/residents



## GM Corp. v. Ignacio Lopez De Arriortua



- GM suing Mr. Lopez and others (including Volkswagen) for various counts, including Lanham act and copyright claims, and unfair competition claims when Mr. Lopez left GM and went to work for Volkswagen
- Lanham act prohibits two types of unfair competition:
  - TM infringement (15 USC §1114)
  - False designation of origin (15 USC §1125)
- And, the Lanham act provides rights stipulated by international conventions, as noted by §1127
  - “intent . . . is to **provide rights and remedies** stipulated by treaties and conventions . . .”
  - and implemented in Lanham Act sections 44(b), (h) & (i) [15 USC §1126]
- The Paris Convention has a broad definition of unfair competition
  - “contrary to honest practice”
- So, if the Paris Convention standard is incorporated by the Lanham Act as the substantive standard by which to judge Mr. Lopez’s behavior, then GM has the greatest chance to withstand a motion to dismiss by Mr. Lopez



## GM Corp. v. Ignacio Lopez De Arriortua

- Possibilities
  - National Treatment
    - Effect of incorporation of Paris Convention by Lanham Act is that of affording rights of domestic law to foreign nationals
    - Vanity Fair Mills Second Circuit
      - No extraterritorial effect of US trademark law in Canada
  - Lanham Act incorporates international agreements
    - Toho Ninth Circuit
      - Int'l agreement was incorporated, but its terms merely provided for national treatment
  - The Lanham Act incorporates the substantive provisions of the Paris convention
    - Maison Lazard, a district court following the Ninth, reasoned that the Paris Convention concept of unfair competition was incorporated
- Holding – agreement with Toho/Maison Lazard
  - 44(b) says foreigners are entitled to benefits “to the extent necessary to give effect to any provision of a convention”
  - 44(h) says that foreigners are entitled “to protection against unfair competition”
  - 44(i) says that US citizens have the same rights as foreigners
  - Other statutory construction and legislative history arguments

“the federal right created by 44(h) is coextensive with the substantive provisions of the treaty involved . . . [44(b) & (h)] work together to provide federal rights and remedies implementing federal unfair competition treaties.” Toho





## Paris Convention implementation in National Law



- Meaning of §44
  - Courts have backed away from the Ninth Circuit's broad interpretation of §44(i) which created a federal right of unfair competition
    - How does growth in coverage of §43(a) interact with this?
  - Which interpretation is more persuasive, Lopez or Vanity Fair?
- Scotch Whisky Assn. (SWA) v. Majestic Distilling (4th 1992)
  - SWA sought to restrain Maryland bottler from marketing liquor under BLACK WATCH name and label w/ Scottish images
  - Court regarded 43(a), Art. 10, 10bis, and Maryland state law as coterminous: all need LofC, which SWA could not show
  - Potential theory in dictum to resolve Lopez & Vanity Fair
    - broad language of Paris Convention in its application to use of trademarks cannot apply to any spectrum of unfair competition that is broader than use of TM to deceptively indicate a product's origin
    - So, vis-à-vis TM protection, Paris Convention goes no further

### Paris Convention Unfair Competition -10bis

Other non-TM unfair competition acts, rest of Art. 10bis

Deceptive indication of product origin w/ TM that is likely to confuse, Art. 10bis(3)(1)



## Paris Convention implementation in National Law



- Davidoff Extension v. Davidoff Int'l (S.D. Fla. 1984)
  - P is Swiss corporation and it **registered** high quality DAVIDOFF cigar mark **in US**
    - Zeno Davidoff is a cigar celebrity
  - P had not used name in US
  - D produced generic cigars under the DAVIDOFF name and sold them in the US
  - Court said
    - Paris Convention is self-executing, AND
    - Lanham Act explicitly implements the Convention
    - Three benefits that the Paris Convention conferred
      - (i) can get US registration based on Swiss registration;
      - (ii) trade name protection;
      - (iii) protection against unfair competition
    - Thus, D's argument that there is no US use is inconsequential
- Assuming no US use by Davidoff, how is the case different from Persons?



## Paris Convention implementation in National Law



### ● WIPO Model Unfair Competition Provisions

- WIPO published model provisions in 1996
- Object is to define acts or practices against which protection is to be granted under the Paris Convention
- Purposefully unfinished
  - TRIPS Part III (Enforcement of Intellectual Property Rights) will be of significance to complete it
- The model provisions
  - modernize TRIPS language
  - add hallmarks of TM expansion: product appearance, celebrity or fictional character, etc.
  - Are written to cover more than confusion as to source or origin, but also to reach confusion as to affiliation.
- Dangers of WIPO promulgating these model laws?
  - Art. 15(5) “no interpretation” rule:
    - “The International Bureau shall conduct Studies, and shall provide services, designed to facilitate the protection of industrial property.”



## Paris Convention implementation in National Law



### ● Is “unfair competition” IP law under TRIPS?

#### ● Paris Convention

- Art. 1(2)
  - The protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the **repression of unfair competition.**

#### ● TRIPS

- Art. 1(2)
  - For the purposes of this Agreement, the term “intellectual property” refers to all categories of intellectual property that are the subject of Sections 1 through 7 of Part II
    - [(1) Copyrights and Related Rights; (2) Trademarks; (3) Geographical Indications; (4) Industrial Designs; (5) Patents; (6) Layout-Designs (Topographies) Of Integrated Circuits; (7) Protection of Undisclosed Information]
    - NOTE – unfair competition is not in the list
- Art. 2(1)
  - In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967)



## Substantive Minima – Well Known Marks



- *6bis(1)*
  - The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be **well known** in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.
- To some extent, a derogation of principle of territoriality



## Mostert, Well-Known Marks (1996)



- Global branding
  - Brands become global as the world becomes smaller
  - Can be established quickly given the mobility of today's consuming public
- Networked world makes it easier for locals to "pirate" a brand – register it in a locality in advance of the global brand owner
- Definition, criteria and protection of well-known marks varies from country to country.
- Linguistic muddle of synonyms for "well-known" marks:
  - "notorious," "famous," "highly-renowned," "highly-reputed" and "exceptionally well-known" marks



## Mostert, Well-Known Marks (1996)



- Under Art. 6bis(1):
  - a well-known mark can be characterized as a mark which is **known to a substantial segment of the relevant public** in the sense of being associated with the particular goods or services
- Famous marks versus “well-known” marks
  - Is there a difference?
  - Some contend that famous marks have a higher degree of reputation
  - Famous marks violate the “principle of speciality”
    - They have a broader scope of use against unauthorized use on non-competing goods or services
  - Not possible to distinguish between famous/well-known except as to the degree of recognition required
- Good will is “an attractive force which brings in custom”
  - it no longer requires a physical presence in a locality.



## Well-Known Marks – notes & questions

### ● Philips Elec. BV v. Remington Consumer Prods. (Ch. D. 1997) (UK)

- Philips sought under UK law to restrain distribution of Remington shavers w/ 3 head rotary design
- Court rejected the claim:
  - (i) no confusion, and *6bis* requires confusion to apply;
  - (ii) questionably held that *6bis* does not apply to product design
    - when *6bis* was introduced in 1927, no one would have thought product shape was covered.

Philips



Remington



## Well-Known Marks – notes & questions

- For various reasons, the international standard of practice for protection of well-known marks is evolving to not require registration or use in the country where protection is sought [note 4, pg. 192-93]
- Going a step further:
  - what are the consequences of a mark owner ensuring that there is no use of a mark by any producer in a country under *6bis*, regardless of the owner's use or registration?
  - When should an injunction issue? Relevancy of plans to expand into the target country? [notes 5-6, pg. 193]
- Bad faith registration, Art. *6bis(3)* [note 8, pg. 194]
  - No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith
  - Otherwise, Art. *6bis(2)* applies, where 5 years is allowed for cancellation



## TRIPS, Art. 16

1. The owner of a **registered** trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a **likelihood of confusion**. In case of the use of an **identical sign for identical goods or services**, a likelihood of confusion shall be **presumed**. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.
2. Article *6bis* of the Paris Convention (1967) **shall apply, mutatis mutandis\*, to services**. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the **relevant sector of the public**, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.
3. Article *6bis* of the Paris Convention (1967) shall apply, *mutatis mutandis\**, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would **indicate a connection** between those goods or services and the owner of the registered trademark and provided that the **interests of the owner of the registered trademark are likely to be damaged by such use**.

\* **mutatis mutandis**: (in comparing cases) making the necessary alterations



## TRIPS, Art. 16

- Prevent confusing uses of an identical or similar mark on identical or similar goods
  - A presumption of confusion arises when identical marks are used on identical goods
- Unlike under the Paris Convention, however, TRIPS service marks receive protection equal to that of marks affixed to goods or trade names
- Owners of well-known marks obtain additional protection on dissimilar goods
  - Well-known is not defined in TRIPS or Paris.
- TRIPS well-known mark protection on dissimilar goods is limited to “confusion as to sponsorship” under the Lanham Act
  - The right seems much closer to this than to either type of dilution (blurring, tarnishment)
  - Art. 16 requires a “connection” between the use of the owner’s TM and the dissimilar goods
    - But, what about the language “*interests of the owner of the registered trademark are likely to be damaged by such use*”



## TRIPS, Art. 16

- Application to unregistered marks?
  - Not required textually by Art. 16, but it is a minimum standard, so members can go further
- TRIPS Art. 16 negotiations rejected reliance only on int'l fame, mark must be well-known in country where protection is sought
- Terminology, definitions for “well-known” [note 5, pg. 198]
- Is EU Trademark Directive in compliance w/ TRIPS Art. 16(3)?
  - extends protection of marks which have a *reputation* to dissimilar goods or services where the defendant’s use of the mark would have the effect of *taking an unfair advantage* of the plaintiff’s reputed mark



## TRIPS, Art. 16




- Famous marks as a more powerful “well-known” mark?
  - US domestic factors for “famous” versus proposed definition

Domestic Law	Proposed Definition of Famous [note 8, pg. 199]
(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; & (H) whether the mark was registered . . . on the principal register.	A <i>famous</i> mark is a mark which is extremely widely-known in the country concerned to at least 80% of the potential purchasers of the goods or services for which it is known, and to at least 90% of the relevant trade circles. Furthermore a famous mark must be a registered mark at least in its owner's home territory, and have a value, calculated by an internationally acceptable method, of at least \$4000 [sic] million

## US Federal Dilution Act

- Lanham Act §43(c)
  - Five elements for a claim of dilution:
    - (1) the senior mark must be famous
    - (2) it must be distinctive
    - (3) the junior use must be a commercial use in commerce
    - (4) it must begin after the senior mark has become famous
    - (5) it must cause dilution of the distinctive quality of the senior mark
      - Multifactor test for “cause dilution” of the blurring variety



<u>Dilution – possible types or theories of harm</u>		
Type	“Tiffany” example (famous mark for a jewelry store) [example described in a recent 7 <sup>th</sup> circuit case]	Other Example(s)
Blurring	“Tiffany” for an upscale restaurant	Goldfish  Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns
Tarnishment	“Tiffany” for a “restaurant” that is actually a “striptease joint” - A subset of blurring?	John Deere  Snuggles 



<u>Dilution - Tarnishment</u>
<ul style="list-style-type: none"> <li>Definitions/characterizations           <ul style="list-style-type: none"> <li>defendant's unauthorized use dilutes by tarnishing or degrading positive associations of the mark and thereby dilutes the distinctive quality of the mark</li> <li>tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use</li> <li>the essence of tarnishment is the displacement of positive with negative associations of the mark that, like a claim for blurring, reduces the value of the mark to the trademark owner</li> </ul> </li> <li>Other examples           <ul style="list-style-type: none"> <li>CANDYLAND for a children's board game was held diluted by tarnishment by "candyland.com" for an internet web site showing sexually explicit pictures</li> <li>BUDWEISER was held diluted by the use of BUTTWEISER on T-shirts</li> <li>TOYS 'R US was held tarnished by use of ADULTS R US as a domain name for an internet site for the sale of adult sexual products: "adultsrus.com"</li> </ul> </li> </ul>



## US Federal Dilution Act & TRIPS Art. 16



- House report on Federal Dilution Act [pg. 200]
  - What do you think of these arguments?
- [T]he recently-concluded [TRIPS Agreement] . . . includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with the terms of the agreement, as well as the Paris Convention, of which the U.S. is also a member. Passage of a federal dilution statute would also assist the executive branch in its bilateral and multilateral negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies. Foreign countries are reluctant to change their laws to protect famous U.S. marks if the U.S. itself does not afford special protection for such marks.
- It should be noted that as originally introduced, H.R. 1295 only applied to famous registered marks. However, based on testimony by the Patent & Trademark Office, Congresswoman Patricia Schroeder offered an amendment . . . to include all famous marks falling within the scope of the bill. The Patent & Trademark Office made a compelling case that limiting the federal remedy against dilution to those famous marks that are registered is not within the spirit of the United States' position as a leader setting the standards for strong worldwide protection of intellectual property. Such a limitation would undercut the United States' position with our trading partners, which is that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought.



## Heald - TRIPS & Trademarks (1996)



- TRIPS definition of a trademark – “signs”
- Art.15(1):
  - Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.
  - Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, **shall be eligible for registration** as trademarks.
  - Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use.
  - Members may require, as a condition of registration, that signs be visually perceptible.
- Product shape or packaging not included, countries may exclude sounds
  - Alternative avenue to protect would be to use TRIPS' incorporation of the Paris Convention unfair competition provisions



## Heald - TRIPS & Trademarks (1996)



- Registration
  - members are to consider other Paris Convention factors in the decision to register (no flags, emblems, deceptive or confusingly similar marks, or “descriptive” marks)
- Other considerations
  - Prior user rights allowed, but not mandated
    - A first to file TM system would comply w/ TRIPS
  - TRIPS allows members to recognize important exceptions to TM rights, such as non-TM use & TM fair use [Art. 17]
  - TRIPS prohibits compulsory licensing of TM
    - Never allowed under US law, but allowed by Paris



## Heald - TRIPS & Trademarks (1996)



- Assignment
  - TRIPS Art. 21
    - . . . the owner of a registered trademark shall have the right to assign the trademark with or without the transfer of the business to which the trademark belongs.
      - Does this conflict with the Lanham Act's prohibition against TM assignment w/out goodwill (effecting a constructive abandonment)
      - Does it conflict w/ the Paris Convention?
  - Paris 6<sup>quater</sup>(1):
    - When, in accordance with the law of a country of the Union, the assignment of a mark is valid only if it takes place at the same time as the transfer of the business or goodwill to which the mark belongs, it shall suffice for the recognition of such validity that the portion of the business or goodwill located in that country be transferred to the assignee, together with the exclusive right to manufacture in the said country, or to sell therein, the goods bearing the mark assigned.
    - Meaning of Paris Convention provision? – obligates a country as follows:
      - If a country requires assignment to be “with” the business or goodwill, this requirement is met if (i) the local portion is assigned and (ii) the exclusive right to manufacture the marked goods in the county is assigned.
  - Interpretation choices:
    - (i) does the TRIPS provision merely remove the word “business” from the Paris Convention provision, leaving its structure and meaning otherwise intact?
    - (ii) does TRIPS effect a prohibition against a members' laws prohibiting assignments w/out goodwill?



## Heald - TRIPS & Trademarks (1996)



### ● Enforcement

- Paris Art. 9(6):
  - If the legislation of a country permits neither seizure on importation nor prohibition of importation nor seizure inside the country, then, until such time as the legislation is modified accordingly, these measures shall be replaced by the actions and remedies available in such cases to nationals under the law of such country.
- TRIPS Art. 41:
  - Members shall ensure that enforcement procedures . . . permit effective action against any act of infringement . . . covered by this Agreement
- Enforcement procedures required include:
  - injunctive relief, money damages, and strong border control measures.
  - criminal prosecution—including seizure, forfeiture, and destruction of infringing goods—in cases of willful trademark counterfeiting.



## Heald - TRIPS & Trademarks (1996)



### ● Positives

- Higher substantive TM protection than Paris
  - At least equal to Lanham Act
- Adequate enforcement mechanisms
  - There should be minimal noncompliance because of general benefits of TM system
    - What are these benefits? Will they ensure compliance, even by members w/ counterfeiters and corruption?
- WTO monitors a dispute resolution process, providing a forum for the sanction and coercion of non-complying nations.

### ● Possible Concern Areas

- No requirement of use for registration
  - “Stockpiling” marks?
  - Does the absence of a use requirement create an incentive to invest in the acquisition of marks as opposed to the business supported by marks?
  - Or, does the use requirement create its own perverse incentives, such as creating incentives to prematurely develop a brand?



## TRIPS & Trademarks – other items



- TRIPS Art. 15(3)
  - Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
- Paris Art. 5(C)(1)
  - If, in any country, use of the registered mark is compulsory, the registration may be cancelled only after a reasonable period, and then only if the person concerned does not justify his inaction.
- 15 USC 1051(d)
  - Under the Lanham act an Intent to Use (ItoU) application requires a statement of use within 6 months, automatically extensible upon applicant request for an additional 6 months; and extensible for 24 additional months upon filing a statement showing good cause why use has not started, and paying administratively determined fee
- Does the Lanham act implementation meet the spirit or letter of TRIPS Art. 15(3), or both?



## TRIPS & Trademarks – other items



- Abandonment
  - TRIPS Art. 19(1)
    - If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use.
  - Lanham Act Approach
    - Presumption of abandonment after 3 years of nonuse, but abandonment can also occur when “use has been discontinued with intent not to resume such use.”
  - Harmony between these approaches?



## TRIPS & Trademarks – other items



- Grounds for refusal to register [note 4, pg. 218]
  - Must not conflict w/ Paris Convention 6<sup>quinquies</sup>(b)(1)-(3):
    - Trademarks covered by this Article [Marks Registered in One Country of the Union] may be neither denied registration nor invalidated except in the following cases:
      - 1. when they are of such a nature as to infringe rights acquired by third parties in the country where protection is claimed;
      - 2. when they are devoid of any distinctive character, or consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, place of origin, of the goods, or the time of production, or have become customary in the current language or in the bona fide and established practices of the trade of the country where protection is claimed;
      - 3. when they are **contrary to morality or public order** and, in particular, of such a nature as to deceive the public. It is understood that a mark may not be considered contrary to public order for the sole reason that it does not conform to a provision of the legislation on marks, except if such provision itself relates to public order.
    - This provision is subject, however, to the application of Article 10bis.



## TRIPS & Trademarks – other items



- Registration procedures
  - TRIPS requires cancellation proceeding, but does not require Lanham Act style opposition
  - most procedure left to members
    - TRIPS Art. 5 says that national treatment and MFN do not apply to **procedures** to acquire and maintain rights under WIPO administered treaties
  - subject to baseline procedural principles in TRIPS Art. 62(1)-(5) [reasonable & timely procedures & formalities, requirement of judicial review] & 41 [general obligations for enforcement of IP rights]
- Licensing
  - Largely left unregulated by TRIPS



## EU Trademarks

- Harmonization Directive

- Art. 2
  - A trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.
- Art. 3(1) ["absolute" grounds for denying registration]
  - 1. The following shall not be registered or if registered shall be liable to be declared invalid:
    - (a) signs which cannot constitute a trade mark;
    - (b) trade marks which are devoid of any distinctive character;
    - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods;



## EU Trademarks

- Harmonization Directive

- Art. 3(1) ["absolute" grounds for denying registration]
  - 1. The following shall not be registered or if registered shall be liable to be declared invalid:
    - . . .
    - (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade;
    - (e) signs which consist exclusively of:
      - — the shape which results from the nature of the goods themselves, or
      - — the shape of goods which is necessary to obtain a technical result, or
      - — the shape which gives substantial value to the goods;
    - (f) trade marks which are contrary to public policy or to accepted principles of morality;
    - (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;
    - (h) trade marks which have not been authorized by the competent authorities and are to be refused or invalidated pursuant to Article 6ter of the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the 'Paris Convention'.



## EU Trademarks



- Harmonization Directive
- Grounds for refusing registration: “absolute” grounds, Art. 3; and “relative” grounds, Art. 4
- Art. 4(1)
  - 1. A trade mark **shall** not be registered or, if registered, shall be liable to be declared invalid:
    - (a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected
    - (b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.
- Art. 4(4) provides several **optional** grounds under which a state may refuse registration, including dilution and prior unregistered rights



## EU Trademarks



- Jaffrey – The New EU Trademarks Regime
  - Harmonization Directive
    - Allows member states discretion over matters of priority and exclusivity in their national registers
    - Allows for differing views of the goals of a registration system
      - Notice (promotes making registration available to a wider range of marks)
      - Security
      - Facilitate enforcement
    - Registration system favors external entities (perhaps usually larger) seeking to enter the local member's market
    - UK has a longstanding tradition of relying on unregistered marks





## EU Trademarks



### ● Harmonization Directive

- Implementing the Directive changes the status quo in member states, sometimes resulting in the opportunity for other TM law reform to occur
- The Directive requires partial harmonization
  - no harmonization for procedures, unregistered marks
    - How does this omission affect the capacity of the Directive to fulfill its mission?
    - How does harmonization of part of an area of law impact the balance that IP laws are designed to achieve?
- Effect of optional provisions
  - Does this allow the effects of territoriality to linger?



## Scope of EU Trademark Rights Under the Directive



### ● TM Directive Art. 5

- 1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
  - (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
  - (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a **likelihood of confusion on the part of the public, which includes the likelihood of association** between the sign and the trade mark.
- 2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes **unfair advantage of, or is detrimental to, the distinctive character or the repute** of the trade mark.



## Scope of EU Trademark Rights Under the Directive



- UK TM Act 1994 - §10
  - (1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical to the trademark in relation to goods or services which are identical with those for which it is registered. [same mark/same goods]
  - (2) A person infringes a registered trade mark if he uses in the course of trade a sign where because:
    - (a) the **sign is identical** with the trade mark and is used in relation to goods or services **similar to** those for which the trade mark is registered, or
    - (b) the **sign is similar** to the trade mark and is used in relation to goods or services **identical with or similar to** those for which the trade mark is registered,
  - there exists a likelihood of confusion on the part of the public, which includes the **likelihood of association** with the trade mark. [same mark/similar goods & similar mark/same or similar goods]
  - (3) A person infringes a registered trade mark if he uses in the course of trade a sign which
    - (a) is **identical with or similar to** the trade mark, and
    - (b) is used in relation to **goods or services which are not similar to** those for which the trade mark is registered,
  - where the **trade mark has a reputation in the United Kingdom** and the use of the sign, being without due cause, takes **unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark**. [same or similar mark/dissimilar goods]



## Types of TM Rights



- Types of Confusion (all evaluated w/ the Likelihood of Confusion (LoFC) factor test)
  - Confusion as to the products
    - Confusion leading to purchase of infringer's product when trademark ("TM") owner sells the same product
  - Confusion as to source
    - Infringer uses TM owner's mark on products the TM owner does not sell at all
    - Two possible types of harm: (i) potentially inferior quality of infringer's products; (ii) if TM owner expands into product area where infringer sells, very high chance of likelihood of confusion
  - Confusion as to sponsorship
    - For example, United States Olympic Committee label on soup
  - Initial interest confusion
    - Confusion that is dispelled before purchase occurs
  - Reverse Confusion
    - A large company adopts the mark of a smaller TM owner
    - Risk is not junior user trading on goodwill of senior, but that the public comes to associate the mark not with its true owner, but with the infringing junior user who may have spent a lot of money to advertise it
- Other Types of TM Rights
  - Dilution
    - Blurring – similar to LoFC – factor test
    - Tarnishment – diminishing the positive associations/goodwill of the mark
- Where does Likelihood of Association (LoFA) fit in?
  - Is it a species of LoFC? If so, which type of confusion?
  - Is it something else? Does it treat the mark as a property right in and of itself?



## Scope of EU TM Rights – Likelihood of Association - Wagamama



### ● Wagamama Ltd. v. City Centre Rest. [1995] [UK]

- **Wagamama Ltd.** owns 3 WAGAMAMA registrations, not in dispute, for restaurant, catering & beverages
  - It has a significant reputation in the mark, at least for an inexpensive Japanese style noodle bar
- D started a new restaurant chain – RAJAMAMA
  - Theme is “up station Indian Civil Service club of the Raj which has been recently visited by a wealthy and benevolent American” [???
- Court notes that it uses the term “classic infringement” to describe confusion as to source
  - This doctrine developed under the prior UK 1938 TM Act, but the present case is under the new 1994 TM Act.
  - Wagamama says “classic infringement” exists, but that also a more broad type of infringement claim is provided by §10(2) of the new act – specifically the “likelihood of association” (LofA) language
    - association – calling to mind the registered mark, even if there is no possibility of misapprehension as to the origin of the goods
    - The court labels this “non-origin association”



## Scope of EU TM Rights – Likelihood of Association - Wagamama



### ● Arguments advanced by Wagamama for “Non-Origin Association” to try to show that LofA language did more than merely clarify that LofA is included in classic infringement

- Domestic Interpretation Argument
- Canon of statutory interpretation, to give effect to all the words and not assume that the legislators meant to repeat themselves
  - Court rejects this approach – its goal must be to find legislative intent
  - It should not apply this canon rigidly to frustrate the search for legislative intent
  - In past eras, perhaps one could assume statutory language was drafted w/ “economy & precision,” but this assumption may not apply for a statute “lifted more or less verbatim” from the EU TM Directive
    - There is no basis to assume that the original Directive was drafted w/out tautology
  - Language of 10(2) points away from Wagamama’s interpretation
    - It is unusual for the smaller (LofC) to include the larger (LofA) – which would be the effect of Wagamama’s interpretation that 10(2) creates a new claim of non-origin infringement



## Scope of EU TM Rights – Likelihood of Association - Wagamama



### ● European Interpretation Argument

- Wagamama argues that UK Act §10(2) derives from the Directive Art. 5(1), which is derived from Benelux TM law where they cover non-origin association
  - Thus, the court must give the §10(2) words the same effect as they have in Benelux law
  - Testimony evidence from Prof. Gielen:
    - it is clear that the Directive sought to require members to incorporate LofA as developed under Benelux law, the danger or harm that LofA covers is loss of exclusivity and dilution



## Scope of EU TM Rights – Likelihood of Association - Wagamama



- Three reasons are advanced that §10(2) implements the Benelux LofA “non-origin infringement” right:
  - a document says this [*unpublished* EU Council meeting minutes where Directive adopted]
    - The court will not rely on unpublished minutes
  - it is a matter of common knowledge
    - The court will not rely on common knowledge – no “judicial notice” of this “fact” because the common belief might be wrong since the minutes are unpublished and held secret
  - the Directive has introduced a new era of harmony, creating a need to interpret §10(2) in the spirit of that harmony
    - The court notes that the Benelux courts may simply have held that the Directive does not change **Benelux** law; some commentators disagree w/ this conclusion; and it is poor practice to decide the issue on a “first past the post” basis



## Scope of EU TM Rights – Likelihood of Association - Wagamama

- The court resorts to “first principles”
  - Monopolies are the antithesis of competition
    - IP rights such as patents, TM, and © create inter and intra country trade barriers, but are tolerated for incentive effects
  - The essential function of a trade mark is to give the consumer a guarantee of identity of the goods
    - This guarantee extends to confusion as to source in the sense that we don't want consumers to think that both goods are from the same entity
  - To adopt the “non-origin association” right is to create a new type of monopoly that extends beyond the association of the mark to the good/service, but **treats the mark as a property in and of itself**
    - This looks like an indefinite copyright, effective even against non-copyists.
  - The Directive preamble emphasizes that the protection is to guarantee the mark as an indicator of origin
  - The Directive could have “said so” if it wanted to be coextensive w/ Benelux law
    - An expansion of rights should be stated in clear terms.
    - Another appearance of the **clear statement rule**



## Implications of - Wagamama

- Interpreting Harmonization Inspired Law
  - Does the Wagamama court suggest a different interpretative philosophy for implementing int'l obligations?
  - What deference should be given to Benelux courts?
- Measuring success of harmonization
  - If Wagamama is correctly decided, what has the 1994 UK act and Directive achieved?
  - What are the advantages of having national courts interpret principles intended for common application throughout the EU?
  - Would a single EU law, enforced nationally, be better?
- How different is LofA from LofC?
  - Lanham Act §32 – imposes liability for more than source confusion
    - Congress intended to evince “a clear purpose to outlaw the use of trademarks which are **likely to cause confusion, mistake or deception of any kind**, not merely of purchasers nor simply as to source of origin.”
- Agreement by the ECJ w/ Wagamama outcome
  - Article 4(1)(b) of the Directive has the same LofA language
  - In 1997, Sabel v. Puma, the ECJ held that 4(1)(b) agreed w/ Wagamama.
    - Does this mean Benelux should change its law?



### British Sugar v. James Robertson & Sons (UK 1996)



- Parties
  - P owned UK registration for TREAT for dessert sauces and syrup
  - D produced a toffee flavored spread, labeled with:
    - “Robertson’s Toffee Treat”
    - “irresistibly rich toffee spread”
- One issue was whether infringement can possibly occur via “non-TM” use.
  - UK implementing act of 1994, section 9(1) seemed to say “no”
  - But, the court noted that 9(1) was supposed to be implementing the Directive, and
    - “for reasons which baffle me our Parliamentary draftsman did not comply with this [- he rewrote it].”
    - The Directive had more expansive language as to whether the TM right could be infringed by use of the mark in ways other than as an indicator of source
- Rather than follow the language of 9(1), the Court instead adopted a three step procedure in order to give effect to the legislative intent of implementing the Directive
  - First, ask whether the mark is used in the course of trade
  - Second, ask whether it falls w/in one of 3 categories in UK 1994 Act, Section 10
  - Third, when the subsection is 10(2)(a), ask whether there is a LofC because of the similarity



### British Sugar v. James Robertson & Sons (UK 1996)



- But, how should the court evaluate the “similarity” of the goods?
  - The wider the scope of the similarity, the wider the power of the TM right
  - Especially important to properly gauge “similarity” for a mark registered by showing actual distinctiveness on a narrow class of goods
- Factors:
  - Uses of respective goods and services
  - Users
  - Physical nature of goods or acts of services
  - Respective trade channels
  - For self-serve consumer items, where found in supermarket, near each other?
  - Extent the respective goods and services are competitive
- Resolution
  - Court found that the toffee spread was not similar to the desert sauces and syrups, and thus no infringement
  - The Court was suspicious of using legislative history
    - more important to pay attention to the language of the Directive to determine legislative intent
      - How does this compare to Wagamama court approach?



GM v. Yplon SA (ECJ 1999) - Taking Unfair Advantage of, being Detrimental to, the Distinctive Character or the Repute of the TM



- GM owns Benelux mark for CHEVY dating back to pre-Benelux registrations in early 1960s
- Yplon registers CHEVY for cleaning products and detergents in 1988 & 1991
- In 1996, Benelux TM law changes in response to the Directive, adding Art. 13(A)(1)(c):
  - “... the exclusive rights in a trade mark shall entitle the proprietor to oppose: .... (c) any use, in the course of trade and without due cause, of a trade mark which **has a reputation** in the Benelux countries or of a similar sign for goods which are not similar to those for which the trade mark is registered, where use of that sign would take unfair advantage of, or would be detrimental to, the distinctive character or the repute of the trade mark; ....”
- GM asserts dilution of CHEVY damaging its advertising function
  - Yplon asserts that CHEVY does not have a 13(A)(1)(c) “reputation”
  - Benelux court certifies question to ECJ – what does “repute of trademark” mean and does it need to apply throughout Benelux countries or only to a portion?



GM v. Yplon SA (ECJ 1999)



- The ECJ canvases the arguments of 7 entities
  - GM, Yplon; 4 counties: Belgium, France, Netherlands, and the UK; and the EU Commission
- Interpreting 5(2) – reputation – in order to enjoy protection against non-similar products or services
  - Interpretation of 5(2) of the Directive begins with evaluating “has a reputation” in various language versions of the Directive
  - This evaluation discloses a “**knowledge**” **threshold** requirement
  - The standard is that there must be a **sufficient degree of knowledge** of that mark that when the public is confronted by the later mark, there may possibly be an association even for non-similar goods or services



● Art. 5(2) - reputation

- This knowledge requirement of “having a reputation” must occur either with the public at large or within a specialized “public,” such as traders in a specific sector
  - There is no specific percentage threshold
  - It must be ***known by a significant part of the public concerned with the products or services*** covered by the mark w/ the reputation being asserted
  - Facts and circumstances inquiry, evaluating
    - Market share
    - Intensity, geographical extent and duration of its use
    - Size of investment in promotion
- Territorially, the mark does not need to have this reputation throughout the member state
  - Reputation in a substantial part of the state is sufficient
  - Benelux territory treated like any member

